

**PPB GROUP BERHAD (8167-W)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER**  
**ENDED 31 DECEMBER 2018**

**Unaudited Condensed Consolidated Income Statements For The Financial Year Ended**  
**31 December 2018**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>(restated)</b>		<b>(restated)</b>
Revenue	1,164,213	1,124,770	4,528,260	4,284,294
Operating expenses	(1,113,286)	(1,093,357)	(4,347,061)	(4,123,607)
Other operating income, other gains and losses	31,781	14,596	96,751	110,055
Share of profits less losses of associates	180,457	354,116	919,922	1,032,028
Share of profits of joint venture	337	561	3,704	3,689
Finance costs	(16,784)	(16,749)	(33,893)	(35,860)
Profit before tax	<u>246,718</u>	<u>383,937</u>	<u>1,167,683</u>	<u>1,270,599</u>
Tax expense	(11,242)	(8,975)	(64,732)	(54,093)
Profit for the period/year	<u><u>235,476</u></u>	<u><u>374,962</u></u>	<u><u>1,102,951</u></u>	<u><u>1,216,506</u></u>
Attributable to :				
Owners of the parent	221,340	370,794	1,075,096	1,183,589
Non-controlling interests	14,136	4,167	27,855	32,917
Profit for the period/year	<u><u>235,476</u></u>	<u><u>374,961</u></u>	<u><u>1,102,951</u></u>	<u><u>1,216,506</u></u>
Basic earnings per share (sen)	<u><u>15.56</u></u>	<u><u>26.06</u></u>	<u><u>75.57</u></u>	<u><u>83.20</u></u>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)

**PPB GROUP BERHAD** (8167-W)  
**Unaudited Condensed Consolidated Statements Of Comprehensive Income**  
**For The Financial Year Ended 31 December 2018**

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Profit for the period/year	235,476	374,962	1,102,951	1,216,506
Other comprehensive income/(loss), net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value gain/(loss) of financial assets available-for-sale	(2,726)	73,718	(223,607)	282,677
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	(4,117)	(746,092)	336,574	(1,771,933)
Share of associates' other comprehensive income/(loss)	(10,920)	185,552	(459,219)	587,857
Total comprehensive income	<u>217,713</u>	<u>(111,860)</u>	<u>756,699</u>	<u>315,107</u>
Attributable to :				
Owners of the parent	205,340	(108,974)	740,353	301,281
Non-controlling interests	12,373	(2,886)	16,346	13,826
Total comprehensive income	<u>217,713</u>	<u>(111,860)</u>	<u>756,699</u>	<u>315,107</u>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)

**PPB GROUP BERHAD** (8167-W)  
**Unaudited Condensed Consolidated Statements Of Financial Position**

<b>ASSETS</b>	<b>As at 31-Dec-18 RM'000</b>	<b>As at 31-Dec-17 RM'000 (restated)</b>
<b>Non-current Assets</b>		
Property, plant and equipment	1,292,431	1,344,173
Investment properties	259,206	217,711
Right-of-use assets	223,142	229,478
Biological assets	3,804	3,616
Goodwill	73,704	73,704
Other intangible assets	12,241	17,476
Land held for property development	85,699	86,209
Investment in associates	17,551,604	17,032,033
Investment in joint venture	57,017	61,595
Amount due from an associate	8,604	7,083
Financial assets available-for-sale	534,069	722,221
Deferred tax assets	4,052	2,269
	<u>20,105,573</u>	<u>19,797,568</u>
<b>Current Assets</b>		
Inventories	892,023	815,569
Biological assets	21,980	18,716
Other intangible assets	50	93
Property development costs	13,790	6,294
Receivables	793,336	933,441
Derivative financial instruments	498	17
Current tax assets	20,899	18,086
Cash, bank balances, deposits and short-term fund placements	1,391,164	1,339,143
	<u>3,133,740</u>	<u>3,131,359</u>
Assets classified as held for sale	5,350	10,163
	<u>3,139,090</u>	<u>3,141,522</u>
<b>TOTAL ASSETS</b>	<u><u>23,244,663</u></u>	<u><u>22,939,090</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,429,314	1,192,215
Reserves	19,610,761	19,487,877
Equity attributable to owners of the parent	21,040,075	20,680,092
Non-controlling interests	696,797	675,863
<b>Total equity</b>	<u>21,736,872</u>	<u>21,355,955</u>

**PPB GROUP BERHAD** (8167-W)  
**Unaudited Condensed Consolidated Statements Of Financial Position**  
*(continued)*

	<b>As at 31-Dec-18 RM'000</b>	<b>As at 31-Dec-17 RM'000 (restated)</b>
<b>Non-current Liabilities</b>		
Long-term borrowings	20,857	35,975
Long-term lease liabilities	232,604	240,379
Deferred tax liabilities	86,460	81,916
	<u>339,921</u>	<u>358,270</u>
<b>Current Liabilities</b>		
Payables	654,167	441,946
Derivative financial instruments	470	337
Short-term borrowings	468,068	744,749
Short-term lease obligations	32,469	30,240
Current tax liabilities	12,150	6,107
	<u>1,167,324</u>	<u>1,223,380</u>
Liabilities associated with assets classified as held for sale	547	1,485
	<u>1,167,871</u>	<u>1,224,865</u>
<b>Total liabilities</b>	<u>1,507,792</u>	<u>1,583,135</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>23,244,664</u>	<u>22,939,090</u>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)

**Unaudited Condensed Consolidated Statements Of Changes In Equity For The Financial Year Ended 31 December 2018**

	Non-distributable						Distributable	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000				Retained earnings RM'000
<b><u>12 months ended 31 December 2018</u></b>											
At 1 January 2018											
As previously stated	1,192,215	-	38,966	1,753,866	292,119	13,528	180,305	17,427,041	20,898,040	676,176	21,574,216
Effects of MFRS convergence and adoption of MFRS 9, MFRS 15, MFRS 16 and MFRS 141	-	-	(38,966)	1,228,297	-	5,486	22,672	(1,435,437)	(217,948)	(313)	(218,261)
Restated	1,192,215	-	-	2,982,163	292,119	19,014	202,977	15,991,604	20,680,092	675,863	21,355,955
Total comprehensive income/(loss)	-	-	-	(98,655)	(223,607)	(28,963)	16,481	1,075,096	740,353	16,346	756,699
Transfer of reserves	-	-	-	-	-	-	4,984	(4,984)	-	-	-
Issuance of bonus shares	237,099	-	-	-	-	-	-	(237,099)	-	-	-
Expenses for issuance of bonus shares	-	-	-	-	-	-	-	(228)	(228)	-	(228)
Dividends	-	-	-	-	-	-	-	(374,618)	(374,618)	(19,395)	(394,013)
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	29,857	29,857
Acquisition of shares in an existing subsidiary	-	-	-	-	-	-	-	874	874	(5,874)	(5,000)
Changes in equity interest in an associate	-	-	-	-	-	-	-	(6,399)	(6,399)	-	(6,399)
At 31 December 2018	1,429,314	-	-	2,883,508	68,512	(9,949)	224,442	16,444,247	21,040,074	696,797	21,736,871
<b><u>12 months ended 31 December 2017</u></b>											
At 1 January 2017											
As previously stated	1,185,500	6,715	39,511	3,099,410	9,442	(51,000)	128,920	16,554,092	20,972,590	695,143	21,667,733
Effects of MFRS convergence and adoption of MFRS 9, MFRS 15, MFRS 16 and MFRS 141	-	-	(39,511)	1,202,748	-	(13,634)	(23,651)	(1,413,311)	(287,358)	(14)	(287,373)
Restated	1,185,500	6,715	-	4,302,158	9,442	(64,634)	105,269	15,140,781	20,685,232	695,129	21,380,360
Total comprehensive income/(loss)	-	-	-	(1,319,995)	282,677	83,648	71,360	1,183,591	301,281	13,826	315,107
Transfer of reserves	-	-	-	-	-	-	26,348	(26,348)	-	-	-
Transfer pursuant to Companies Act 2016	6,715	(6,715)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(296,375)	(296,375)	(30,873)	(327,248)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	2,119	2,119	(2,219)	(100)
Changes in equity interest in an associate	-	-	-	-	-	-	-	(12,164)	(12,164)	-	(12,164)
At 31 December 2017	1,192,215	-	-	2,982,163	292,119	19,014	202,977	15,991,604	20,680,092	675,863	21,355,955

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)

**PPB GROUP BERHAD** (8167-W)

**Unaudited Condensed Consolidated Statements Of Cash Flows  
For The Financial Year Ended 31 December 2018**

	<b>12 months ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,167,683	1,270,599
Adjustments :		
Non-cash items	(756,822)	(833,302)
Non-operating items	(26,790)	(20,562)
Operating profit before working capital changes	<u>384,071</u>	<u>416,735</u>
Working capital changes :-		
Net change in current assets	(95,325)	(352,687)
Net change in current liabilities	245,269	62,644
Cash generated from operations	<u>534,015</u>	<u>126,692</u>
Tax paid	<u>(58,289)</u>	<u>(91,485)</u>
<b>Net cash generated from operating activities</b>	<b>475,726</b>	<b>35,207</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(150,622)	(168,683)
Proceeds from disposal of property, plant and equipment, and assets held for sale	11,680	37,082
Purchase of investments	(140,201)	(29,177)
Dividends received	390,183	282,619
Income from short-term fund placements	30,372	15,036
Interest received	14,614	16,871
Repayment from associates	130,677	68,034
Distribution of profits from joint venture	6,403	5,532
Other investing activities	4,618	5,907
<b>Net cash generated from investing activities</b>	<b>297,724</b>	<b>233,221</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(292,050)	300,293
Interest paid	(23,488)	(25,122)
Dividends paid	(394,013)	(327,248)
Payment of lease obligations	(43,618)	(40,803)
Other financing activities	(227)	-
Shares issued to non-controlling interests of a subsidiary	29,857	-
<b>Net cash used in financing activities</b>	<b>(723,539)</b>	<b>(92,880)</b>
<b>Net increase in cash and cash equivalents</b>	<b>49,911</b>	<b>175,548</b>
Cash and cash equivalents brought forward	1,338,663	1,177,203
Effect of exchange rate changes	2,137	(14,088)
<b>Cash and cash equivalents carried forward</b>	<b><u>1,390,711</u></b>	<b><u>1,338,663</u></b>
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	193,760	281,135
Bank deposits	281,455	240,511
Short-term fund placements	915,949	817,497
Bank overdrafts	(453)	(480)
	<u>1,390,711</u>	<u>1,338,663</u>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)

## NOTES

### A1. Accounting policies

The unaudited financial statements of the Group have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") MFRS 134 Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Group adopted the MFRS on 1 January 2018 and will prepare the first set of financial statements in accordance with MFRS for the financial year ended 31 December 2018. The financial statements of the Group have been prepared in accordance with the accounting policies to be applied in preparing the annual financial statements of the Group for the financial year ended 31 December 2018.

The accounting policies and methods of computation used in the preparation of the unaudited financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2017 except for the adoption of the following MFRS, Amendments to MFRS and Issues Committee Interpretation ("IC Interpretation") that are effective for financial periods beginning on or after 1 January 2018 :

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 15	Clarifications to MFRS 15

### A2. Adoption of MFRS

#### a) *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*

The Group adopted MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards on 1 January 2018 and has elected to apply the following transitional exemptions:

##### Business combinations

The Group has elected not to apply MFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition.

##### Deemed cost of assets

The Group has elected to use the previously revalued property, plant and equipment and investment properties as their deemed cost under the MFRS on the date of transition.

#### b) *MFRS 141 Agriculture*

The Group measures bearer plants at cost less accumulated depreciation and impairment losses, whereas agricultural produce is measured at fair value less costs at the point of harvest. Other biological assets are measured at fair value less costs to sell.

#### c) *MFRS 9 Financial Instruments*

The Group applied the simplified approach where the credit loss allowance on impairment of financial assets is measured at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

#### d) *MFRS 15 Revenue from Contracts with Customers*

The Group recognises revenue to depict the transfer of a promised good or service to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that good or service. Depending on the terms of the contract, the Group recognises revenue when the performance obligation is satisfied, which may be at a point in time or over time.

e) **MFRS 16 Leases**

The Group has elected to early adopt MFRS 16 Leases with effect from 1 January 2018. Upon adoption of MFRS 16, the Group, as lessee, has brought onto the statements of financial position all leases by recognising the corresponding right-of-use assets and lease liabilities, except for some limited exemptions provided under the standard. Generally, lease liabilities are measured at the present value of the future lease payments. Upon initial recognition, right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The corresponding finance costs and depreciation are recognised in profit or loss over the lease period. The Group applied the standard retrospectively on 1 January 2017 according to the transitional provisions.

For the year ended 31 December 2017, there was a negative effect on the adoption of the above MFRS to the consolidated profit before tax and net profit after tax, amounting to RM22.5 million and RM22.2 million respectively.

The effects on adoption of the above MFRS on the consolidated statement of financial position as at 31 December 2017 are as follows:

	As reported previously RM'000	Effects of MFRS adoption RM'000	Restated RM'000
<b>Non-current Assets</b>			
Investment properties	216,811	900	217,711
Biological assets	2,844	772	3,616
Right-of-use assets	-	229,478	229,478
Land held for property development	85,272	937	86,209
Investment in associates	17,221,581	(189,548)	17,032,033
Deferred tax assets	2,164	105	2,269
Other non-current assets	2,226,252	-	2,226,252
	<u>19,754,924</u>	<u>42,644</u>	<u>19,797,568</u>
<b>Current Assets</b>			
Biological assets	18,969	(253)	18,716
Property development costs	5,360	934	6,294
Receivables	925,802	7,638	933,441
Other current assets	2,183,071	-	2,183,071
	<u>3,133,202</u>	<u>8,319</u>	<u>3,141,522</u>
<b>Total assets</b>	<u>22,888,126</u>	<u>50,963</u>	<u>22,939,090</u>
<b>Equity</b>			
Equity attributable to owners of the parent	20,898,040	(217,948)	20,680,092
Non-controlling interests	676,176	(313)	675,863
Total equity	<u>21,574,216</u>	<u>(218,261)</u>	<u>21,355,955</u>

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Condensed Consolidated Statement of Financial Position as at 31 December 2017

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	As reported previously RM'000	Effects of MFRS adoption RM'000	Restated RM'000
<b>Non-current liabilities</b>			
Deferred tax liabilities	91,857	(9,941)	81,916
Long-term lease obligations	-	240,379	240,379
Other non-current liabilities	35,974	-	35,975
	<u>127,831</u>	<u>230,438</u>	<u>358,270</u>
<b>Current liabilities</b>			
Payables	433,401	8,545	441,946
Short-term lease obligations	-	30,240	30,240
Other current liabilities	752,678	-	752,678
	<u>1,186,079</u>	<u>38,785</u>	<u>1,224,865</u>
<b>Total liabilities</b>	<u>1,313,910</u>	<u>269,224</u>	<u>1,583,135</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>22,888,126</u>	<u>50,963</u>	<u>22,939,090</u>

**A3. Seasonality or cyclicity of interim operations**

The Group's operations are not materially affected by any seasonal or cyclical factors.

**A4. Exceptional or unusual items**

There were no exceptional or unusual items for the financial year ended 31 December 2018.

**A5. Nature and amount of changes in estimates**

There were no changes in estimates of amounts reported in the previous financial year which have a material effect in the current financial year.

**A6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year.

**A7. Dividends paid**

During the financial year ended 31 December 2018, a final dividend of 22 sen per share in respect of financial year ended 31 December 2017 was paid on 31 May 2018 and an interim dividend of 8 sen per share in respect of financial year ended 31 December 2018 was paid on 4 October 2018.

**A8. Segmental reporting**

Segmental information in respect of the Group's business segments for the financial year ended 31 December 2018 are as follows :

<b>Business segments:</b> <i>All figures in RM'000</i>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Inter-segment elimination	Total
<b>REVENUE</b>									
External revenue	2,992,121	637,721	538,352	204,589	51,395	10,330	93,752	-	4,528,260
Inter-segment sales	156,340	2,846	-	11	1,823	-	16,342	(177,362)	-
Total revenue	<u>3,148,461</u>	<u>640,567</u>	<u>538,352</u>	<u>204,600</u>	<u>53,218</u>	<u>10,330</u>	<u>110,094</u>	<u>(177,362)</u>	<u>4,528,260</u>
<b>RESULTS</b>									
Segment results	125,952	15,177	63,394	14,861	12,251	10,330	4,494	-	246,459
Share of associates' profits less losses	72,088	(7,267)	1,340	(116)	16,181	-	837,697	-	919,922
Share of joint venture's profit	-	-	-	3,704	-	-	-	-	3,704
Interest income									14,689
Income from short-term fund placements									31,181
Finance costs									(23,824)
Unallocated corporate expenses									(24,448)
Profit before tax									<u>1,167,683</u>
<b>ASSETS</b>									
Segment assets	2,288,227	444,312	553,248	124,153	402,192	534,070	54,398	(449)	4,400,150
Investment in associates	509,269	27,041	187,978	47,821	269,838	-	16,509,657	-	17,551,604
Investment in joint venture	-	-	-	57,017	-	-	-	-	57,017
Bank deposits and short-term fund placements									1,197,404
Tax assets									24,951
Other unallocated corporate assets									13,536
Total assets									<u>23,244,663</u>

**A9. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the financial year that have not been reflected in the financial statements under review.

**A10. Changes in the composition of the Group**

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations for the financial year under review, except for the following:

- a) Tego Sdn Bhd, a 79.9%-owned indirect subsidiary of PPB, entered into an Agreement for Transfer of Shares dated 20 September 2017 to dispose of its entire equity interest in Tefel Packaging Industries Co Ltd ("Tefel") comprising 60 ordinary shares of Kyat 10,000/- each ("Proposed Disposal"). The Proposed Disposal was completed on 21 June 2018.
- b) Lamlewa Feedmill Sdn Bhd, a 80%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 4 August 2014 pursuant to Section 254(1)(b) of the Companies Act ("CA") 1965, was dissolved on 28 June 2018, and has accordingly ceased to be an indirect subsidiary of PPB
- c) Zegwaard Bumianda Sdn Bhd, a 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 20 December 2016 pursuant to Section 254(1)(b) of the CA 1965, was dissolved on 18 August 2018, and has accordingly ceased to be a subsidiary of PPB.
- d) Minsec Properties Berhad, a wholly-owned subsidiary of PPB which commenced a members' voluntary winding up on 11 September 2017 pursuant to Section 439(1)(b) of the CA 2016, was dissolved on 7 September 2018, and has accordingly ceased to be a subsidiary of PPB.
- e) SES Environmental Services Sdn Bhd, a 50.1%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 16 November 2016 pursuant to Section 254(1)(b) of the CA 1965, was dissolved on 21 September 2018, and has accordingly ceased to be a subsidiary of PPB.
- f) Affluence Trading Sdn Bhd, a wholly-owned subsidiary of PPB which commenced a members' voluntary winding up on 30 July 2015 pursuant to Section 254(1)(b) of the CA 1965, was dissolved on 26 September 2018, and has accordingly ceased to be a subsidiary of PPB.
- g) CQ Properties Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB, commenced a members' voluntary winding up on 1 October 2018 pursuant to Section 439(1)(b) of the CA 2016. The winding up is in progress.

**A11. Changes in contingent liabilities or contingent assets**

There were no changes in contingent assets and contingent liabilities since the end of the previous financial year.

**A12. Capital and other commitments**

Authorised capital and other commitments not provided for in the financial statements as at 31 December 2018 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological asset	
- contracted	38,535
- not contracted	474,676
	<u>513,211</u>
Other commitments	
- contracted	<u>317,312</u>
	<u>830,523</u>

**A13. Significant related party transactions**

Significant related party transactions during the financial year ended 31 December 2018 are as follows:

	RM'000
Transactions with associates	
- Film rental income	2,422
- Interest income	3,237
- Sales of goods	1,542
- Purchase of goods	<u>32,265</u>
Transactions with a subsidiary of the ultimate holding company	
- Sale of goods	<u>10,423</u>
Transactions with subsidiaries of associates	
- Purchase of goods	191,553
- Sale of goods	61,760
- Rental income	3,102
- Security and other service fee expenses	6,868
- Marketing fee income	2,470
- Supervision fee income	4,520
- Project management fee income	1,156
- Charter hire of vessels	<u>51,902</u>

**B1. Performance analysis**

The Group reported total revenue of RM1.16 billion in 4Q2018 (4Q2017: RM1.12 billion), up 4% from a year ago. Pre-tax profit of the Group for the quarter was at RM247 million, 36% lower as compared to RM384 million recorded in 4Q2017.

For 2018, Group revenue increased by 6% to RM4.53 billion (2017: RM4.28 billion), the increase was attributable to the higher revenue from the *Grains and agribusiness*, *Environmental engineering and utilities* and *Film exhibition and distribution* segments.

Group pre-tax profit was lower by 8% to RM1.17 billion in 2018 (2017: RM1.27 billion) due mainly to lower contribution from Wilmar International Limited ("Wilmar") of RM837 million (2017: RM947 million), and lower profits from the *Grains and agribusiness* and *Consumer products* segments.

**Group financial performance by business segment**

	4Q2018	4Q2017	Variance		FY2018	FY2017	Variance	
	RM'000	RM'000 (restated)	RM'000	%	RM'000	RM'000 (restated)	RM'000	%
<u>Revenue</u>								
Grains and agribusiness	828,403	771,234	57,169	7%	3,148,461	3,005,723	142,738	5%
Consumer products	153,201	162,914	(9,713)	(6%)	640,567	672,741	(32,174)	(5%)
Film exhibition and distribution	141,611	125,888	15,723	12%	538,352	481,301	57,051	12%
Environmental engineering and utilities	55,682	62,301	(6,619)	(11%)	204,600	130,087	74,513	57%
Property	19,131	16,770	2,361	14%	53,218	48,055	5,163	11%
Investments and Other operations	33,247	33,463	(216)	(1%)	120,424	139,294	(18,870)	(14%)
Inter-segment elimination	(67,062)	(47,800)	(19,262)		(177,362)	(192,907)	15,545	
<b>Total revenue</b>	<b>1,164,213</b>	<b>1,124,770</b>	<b>39,443</b>	<b>4%</b>	<b>4,528,260</b>	<b>4,284,294</b>	<b>243,966</b>	<b>6%</b>
<u>Segment results</u>								
Grains and agribusiness	37,126	10,960	26,166	>100%	125,952	134,265	(8,313)	(6%)
Consumer products	3,896	4,137	(241)	(6%)	15,177	30,154	(14,977)	(50%)
Film exhibition and distribution	13,706	11,082	2,624	24%	63,394	54,035	9,359	17%
Environmental engineering and utilities	4,106	3,568	538	15%	14,861	6,387	8,474	>100%
Property	2,909	891	2,018	>100%	12,251	5,696	6,555	>100%
Investments and Other operations	5,048	1,934	3,114	>100%	14,824	9,433	5,391	57%
<b>Total segment results</b>	<b>66,791</b>	<b>32,573</b>	<b>34,218</b>	<b>&gt;100%</b>	<b>246,459</b>	<b>239,971</b>	<b>6,488</b>	<b>3%</b>
Share of profits less losses from associates and joint venture	180,794	354,679	(173,884)	(49%)	923,626	1,035,717	(112,091)	(11%)
Unallocated expenses, finance costs net of interest income and income from short-term fund placements	(867)	(3,315)	2,448	74%	(2,402)	(5,089)	2,687	53%
<b>Profit before tax</b>	<b>246,718</b>	<b>383,937</b>	<b>(137,218)</b>	<b>(36%)</b>	<b>1,167,683</b>	<b>1,270,599</b>	<b>(102,915)</b>	<b>(8%)</b>

### **Grains and agribusiness**

Segment revenue increased by 7% to RM828 million in 4Q2018 (4Q2017: RM771 million) mainly due to higher revenue from the flour business. Segment profit was higher at RM37 million (4Q2017: RM11 million), mainly attributable to increased contribution from the flour business.

Segment revenue for financial year 2018 increased by 5% to RM3.15 billion (2017: RM3.01 billion) on the back of higher sales from all flour mills. However, segment profit was lower by 6% at RM126 million (2017: RM134 million), attributable mainly to higher raw material costs.

### **Consumer products**

Segment revenue was lower by 6% to RM153 million in 4Q2018 (4Q2017: RM163 million), due mainly to lower sales of in-house products. Segment profit was at RM3.9 million (4Q2017: RM4.1 million).

For financial year 2018, segment revenue was lower by 5% at RM641 million (2017: RM673 million), mainly due to lower sales of in-house products. Segment profit was lower at RM15 million for 2018 (2017: RM31 million) mainly due to absence of a one-time gain on sale of land and building of RM8.0 million recorded in 2017; higher raw material costs and plant maintenance cost at the bakery division.

### **Film exhibition and distribution**

Segment revenue for 4Q2018 and financial year 2018 were higher by 12% to RM142 million (4Q2017: RM126 million) and RM538 million (2017: RM481 million) respectively. Segment profit for 4Q2018 and financial year 2018 increased by 24% to RM14 million (4Q2017: RM11 million) and 17% to RM63 million (2017: RM54 million) respectively, this was attributable mainly to the strong performance of local Malay titles and contribution from cinemas opened in 2017.

### **Environmental engineering and utilities**

Segment revenue for 4Q2018 and financial year 2018 was at RM56 million (4Q2017: RM62 million) and RM205 million (2017: RM130 million) respectively. Segment profit increased by 15% to RM4.1 million in 4Q2018 (2017: RM3.6 million) and more than doubled to RM15 million for financial year 2018 (2017: RM6 million). This was mainly attributable to progressive profits recognised from on-going water treatment plant projects.

### **Property**

Segment revenue for 4Q2018 and financial year 2018 was higher by 14% to RM19 million (4Q2017: RM17 million) and 11% to RM53 million (2017: RM48 million) respectively. Segment profit increased to RM3 million in 4Q2018 (4Q2017: RM0.9 million) and RM12 million for financial year 2018 (2017: RM6 million). The higher profit was mainly attributable to higher project management fee income and higher rental income upon completion of the Cheras LeisureMall extension.

### **Investments and Other operations**

The combined segment revenue for 4Q2018 and financial year 2018 was at RM33 million (4Q2017: RM33 million) and RM120 million (2017: RM139 million) respectively. The de-consolidation of Tefel on its disposal in June 2018 contributed to the lower revenue achieved by this segment.

In 4Q2018, the combined segment reported a profit of RM5 million (4Q2017: RM2 million) due mainly to higher investment income. For financial year 2018, the combined segment profit increased to RM15 million (2017: RM9 million) mainly attributable to higher investment income and de-consolidation of the loss-making Tefel.

**Share of associates and joint venture's profits less losses**

The Group's share of associates and joint venture profits decreased by 49% to RM181 million in 4Q2018 (4Q2017: RM355 million), mainly attributable to the lower contribution from Wilmar at RM155 million in 4Q2018 (4Q2017: RM332 million).

For financial year 2018, contribution from Wilmar amounted to RM837 million (2017: RM947 million), 12% lower from a year ago.

**B2. Material changes in the quarterly results compared to the results of the preceding quarter**

	4Q2018	3Q2018	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
Grains and agribusiness	37,126	15,376	21,750	>100%
Consumer products	3,896	1,284	2,612	>100%
Film exhibition and distribution	13,706	23,549	(9,843)	(42%)
Environmental engineering and utilities	4,106	3,577	529	15%
Property	2,909	4,914	(2,005)	(41%)
Investments and Other operations	5,048	1,006	4,042	>100%
Total segment results	66,791	49,706	17,085	34%
Share of profits less losses from associates and joint venture	180,794	325,425	(144,631)	(44%)
Unallocated expenses, finance costs net of interest income and income from short-term fund placements	(867)	292	(1,159)	>(100%)
Profit before tax	246,718	375,423	(128,705)	(34%)

Group pre-tax profit was lower at RM247 million in 4Q2018 (3Q2018: RM375 million) due mainly to lower profit contribution from Wilmar at RM155 million for the current quarter (3Q2018: RM306 million) partly offset by higher profit contribution from the *Grains and agribusiness* segment.

**B3. Prospects for the next financial year**

The Malaysian economy recorded a sustained growth of 4.7% in 2018. The economy is expected to continue to expand on a steady growth pace in 2019. Private sector demand, with the support of continued income and employment growth, will remain the main driver.

The *Grains and agribusiness* segment is expected to remain competitive on the back of a volatile commodity market and it will continue to focus on volume growth and maintaining good quality standard of our products. The performance of the *Consumer products* segment is expected to remain stable, supported by a widening product range and the introduction of new products into new markets. The *Film exhibition and distribution* segment will continue to be driven by strong title releases, opening of new cinemas, introduction of new cinematic technology and facilities in selected locations. The *Environmental engineering and utility* segment will focus on replenishing its order book while maintaining its focus on quality work and execution. Amidst a challenging operating environment, the *Property* division will focus on completing the Megah Rise project in Petaling Jaya, while striving to maintain and improve operational excellence in its existing mall and property management businesses.

While the Group's main business segments are expected to perform satisfactorily in financial year 2019, the overall Group financial results would depend substantially on Wilmar's business performance.

**B4. Variance of actual profit from forecast profit**

Not applicable.

**B5. Profit before tax**

	Individual Quarter 3 months ended 31-Dec-18 RM'000	Cumulative Quarter 12 months ended 31-Dec-18 RM'000
Profit before tax was stated after crediting:		
Dividend income	3,797	10,330
Net fair value (loss) / gain on derivatives	(2,191)	23,793
Interest income and income from short-term fund placements	12,275	45,870
Rental income	1,153	4,483
	<hr/>	<hr/>
Profit before tax was stated after charging:		
Allowance for doubtful debts and receivables written off	(1,547)	(2,300)
Depreciation and amortisation	(71,319)	(179,944)
Net foreign exchange gain / (loss)	9,718	(8,969)
Interest expense	(16,784)	(33,893)
	<hr/>	<hr/>

**B6. Tax expense**

	Individual Quarter 3 months ended 31-Dec-18 RM'000	Cumulative Quarter 12 months ended 31-Dec-18 RM'000
Taxation comprises:		
Malaysian operation		
Current income tax	10,106	57,784
Deferred tax	5,772	5,841
	<hr/>	<hr/>
	15,878	63,625
Foreign operation		
Current income tax	814	3,098
Deferred tax	(3,759)	1,482
	<hr/>	<hr/>
	12,933	68,205
Overprovision in prior year:		
Current	798	594
Deferred Tax	(2,489)	(4,067)
	<hr/>	<hr/>
	<u>11,242</u>	<u>64,732</u>

The effective tax rate is higher than the statutory tax rate for the year mainly due to deferred tax credit not recognised by certain subsidiaries. Deferred tax benefit will only be recognised when the subsidiaries are able to estimate accurately the timing of their future profits.



**B7. Status of corporate proposals**

There were no corporate proposals announced but not completed as at 21 February 2019.

**B8. Group borrowings**

Total Group borrowings as at 31 December 2018 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	26,629	26,629	-
Long-term bank loans (VND)	14,435	14,435	-
Hire purchase financing	333	333	-
Repayments due within the next 12 months	(20,540)	(20,540)	-
	<u>20,857</u>	<u>20,857</u>	<u>-</u>
Short-term bank borrowings			
Bills payable (RM)	49,000	-	49,000
Bills payable (IDR)	143,464	-	143,464
Short-term loans	500	-	500
Short-term loans (USD)	142,915	-	142,915
Short-term loans (IDR)	70,733	-	70,733
Short-term loans (VND)	40,463	-	40,463
Hire purchase financing	74	74	-
Current portion of long-term bank borrowings	20,466	20,466	-
	<u>467,615</u>	<u>20,540</u>	<u>447,075</u>
Bank overdrafts	453	-	453
	<u>468,068</u>	<u>20,540</u>	<u>447,528</u>

**B9. Derivative financial instruments**

(a) Derivative financial assets and financial liabilities

	As at 31 December 2018	
	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	41,516	492
ii) Forward foreign currency contracts	1,221	6
Total derivative assets		<u>498</u>
<u>Derivative financial liabilities</u>		
i) Futures contracts	7,759	57
ii) Forward foreign currency contracts	79,281	413
Total derivative liabilities		<u>470</u>

All contracts will mature within one year.

Futures and options contracts

The Group is exposed to market risk mainly from fluctuations in the prices of agricultural commodities, namely wheat and corn which are the key raw materials used in the Group's *Grains and agribusiness* segment. Commodity futures and options contracts are entered into with the objective to mitigate and hedge against the volatility of commodities prices. It is the policy of the Group to hedge only in contracts with corresponding underlying commodities that are used in its grains and agribusiness activities.

Forward foreign currency contracts

The Group enters into foreign currency forwards contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency. Under the Group's policy, foreign currency hedging is only considered for committed transactions and shall not exceed 100% of the committed amount.

There have been no significant changes since the end of the previous financial year ended 31 December 2017 in respect of the following:

- (i) the credit risk, market risk and liquidity risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

(b) Fair value changes of financial liabilities

The derivative financial instruments are recognised at fair value on contract dates and subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in the income statement. Fair value changes are dependent on the market prices of derivatives as at liquidation date and end of reporting period.

Fair value gain on option and futures contracts in the fourth quarter of 2018 amounted to RM2.8 million (4Q2017: RM15.9 million). For financial year 2018, fair value loss on option and futures contracts amounted to RM57,000 (2017: RM0.3 million).

For both 4Q2018 and financial year 2018, a fair value loss on forward contracts of RM0.4 million was recorded (4Q2017: RM74,000; 2017: RM0.1 million).

**B10. Material litigation**

There were no material litigations as at 21 February 2019.

**B11. Dividends**

The Board of Directors is pleased to recommend a proposed final dividend for the financial year ended 31 December 2018 of 20 sen per share (2017 : Final dividend of 22 sen per share) payable on Monday, 10 June 2019 subject to the approval of shareholders at the 50th Annual General Meeting to be held on Friday, 17 May 2019.

Together with the interim dividend of 8 sen per share paid on 4 October 2018, the total dividend paid and payable for the financial year ended 31 December 2018 would amount to 28 sen per share (2017 - Interim : 8 sen per share; Final : 22 sen per share)

Notice is hereby given that the proposed final dividend will be payable on Monday, 10 June 2019 to shareholders whose names appear in the Record of Depositors at the close of business on Friday, 24 May 2019.

**B12. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		12 months ended 31 December	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the period/year	221,340	370,794	1,075,096	1,183,589
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	15.56	26.06	75.57	83.20

There were no dilutive potential ordinary shares outstanding as at 31 December 2018 and that of the previous financial year. As a result, there were no diluted earnings per share for the financial year ended 31 December 2018 and the previous financial year.

**B13. Disclosure of audit report qualification and status of matters raised**

There was no qualification in the auditors' report of the preceding annual financial statements.

**Kuala Lumpur**  
**28 February 2019**

*By Order of the Board*  
Mah Teck Keong  
Company Secretary